



Update: State Employees' Health Care Commission Meeting
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The State Employees' Health Care Commission (HCC) meeting was held on April 15. The Commission made final decisions on plan design and rate increases for Plan Year 2010. A summary of their decisions is as follows:

- A 7.5% rate increase for employees and a 12.5% rate increase for the employer.
 - Note: the 7.5% rate increase is based upon Plan A BCBS rates. All other rate changes are based on their actuarial value relative to BCBS Plan A.
- Deductible increases of \$100 for single and \$200 for family coverage on Plan A. This brings total deductibles to \$150 for an individual and \$300 for a family.
- Increased the annual co-insurance maximum by \$100 for individual members and \$200 for families (\$1,200/\$2,400), in Plan A.
- Approved the 1 year contract extension with our pharmacy benefit manager (Caremark) that includes a High Performance step therapy program for three classes of prescriptions.
 - The three classes of prescription drugs include: cholesterol lowering medications (HMGs), proton pump inhibitors (PPIs, which reduce the production of acid in the stomach), and high blood pressure medications (ARBs). Members using these types of medications must try generic or preferred drugs in the class before they will have access to non-preferred drugs in the same class.
- Included the LabCard benefit to Plan A. This benefit provides lab work at no cost to our members if they use the LabCard vendor for non-emergent outpatient lab work.
 - This benefit is currently only available on Plan B.
- These plan design changes account for \$10.3 million in savings for Plan Year 2010.

The plan design and rate changes approved by the HCC significantly improve projected balances as compared to current year projections. Including the HCC's approved changes, the plan is expected to have a reserve balance of

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\$33.6 million at the end of Plan year 2010. This reserve balance is equal to 7.3% of projected expenditures. Actuarial soundness is considered to be 15% of projected expenditures (\$68.8 million).

Current projections show that the plan will be unable to cover its expenses in Plan Year 2011. The reserve balance is projected at a negative \$12.8 million. This means that the plan would be insolvent without further changes to plan design, or rate increases that are greater than the 7.5% built into our planning document.